

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING
ELECTIONS: UNIT: VC-2975
(hereinafter "Subject Drilling Unit")

DOCKET NO. VGOB 97-07/15-0593

REPORT OF BOARD

FINDINGS AND ORDER

1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on July 15, 1992, at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirements of the Virginia Gas and Oil Board Regulations 4 VAC 25-160-70.C as incorporated into the requirements of 4 VAC 25-160-80 for coalbed methane gas units by supplementing the Order previously issued by the Board for subject Docket on September 17, 1997 and recorded at Deed Book 329, Page 698 in the Office of the Clerk of Circuit Court, Dickenson County, Virginia on September 23, 1997 (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interests in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, Section 45.1-361.1 et seq., Virginia Code, 1950, as amended.
2. Findings: The Board finds that:
 - (a) The Board order directed Equitable Resources Energy Company, (herein the "Designated Operator") to mail copies of the Order to all Respondents whose interests, if any, were pooled by said Board Order.
 - (b) The Designated Operator filed its affidavit of mailing dated September 26, 1997, disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interests, if any, were pooled by said Board Order;
 - (c) The Board Order required each Respondent whose interests, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its affidavit dated November 5, 1997, in accordance with the Virginia Gas and Oil Board Regulations 4 VAC 25-160-70.C as incorporated into the requirements of 4 VAC 25-160-80 for coalbed methane gas units (herein "Affidavit of Election"), wherein it has, for each Respondent whose interests, if any, were pooled by said Board Order, stated: (i) whether each Respondent has made or failed to make a timely election; (ii) the nature of the election made, if any; (iii) whether, by reason of failure to elect or to timely elect one of more Respondents are deemed, under the terms of the Board's Order, to have leased all their rights, title, interest, estates and claims in Subject Drilling Unit to the Designated Operator.


- (d) Current Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interests as part of its Affidavit of Election, a copy of which is attached hereto as Exhibit B.
- (e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, First Virginia Bank-Mt. Empire, Trust Department, P. O. Box 1038, Abingdon, Virginia 24212, or any successor named by the Board, require the entry of a Supplemental Order establishing of record the elections made or deemed to have been made and specifying the sums or percentage thereof subject to escrow. Current Board escrow standards were made applicable to Subject Drilling Unit by a Board Order dated December 23, 1992.
3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2 above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, First Virginia Bank-Mt. Empire, Trust Department, P. O. Box 1038, Abingdon, Virginia 24212, or any successor named by the Board to establish interest-bearing escrow account(s) IRS Tax Identification Number 54-1629506, in accordance with the information set forth in said affidavits to receive such funds and account to the Board therefore.
4. Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned Order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of this Order was sent to each person whose interest or claim is subject to escrow and whose address is known.
5. Conclusion: Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
6. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 23rd day of January, 1998 by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 23rd day of January, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

My commission expires 07/31/98

DONE AND EXECUTED this 23rd day of January, 1998, by Order
of this Board.

Byron T. Fulmer
Byron Thomas Fulmer
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 23rd day of January, 1998, personally
before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas
Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of
the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis
Diane J. Davis
Notary Public

My commission expires: 09/30/2001

VIRGINIA:VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD THE VIRGINIA GAS AND OIL BOARD

IN RE: Application of Equitable Resources Energy Company, Eastern Region for Forced Pooling of Interests in Unit Number VC-2975, VGOB Docket No. VGOB-97/0715-0593 in the Ervinton Magisterial District of Dickenson County, Virginia.

AFFIDAVIT OF WILHOIT & KAISER, Attorneys-at-Law, Agents for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

James E. Kaiser (herein Affiant), being first duly sworn on oath, deposes and says:

1. That the Affiant is an attorney in the law firm of WILHOIT & KAISER, the Agent for the Designated Operator, with offices located at 155 Shelby Street, Kingsport, Tennessee 37660, and is authorized to give this Affidavit in its behalf;
2. That the Order entered on September 17, 1997, by the Virginia Gas and Oil Board regarding the captioned coalbed methane Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by said Order;
3. That within seven (7) days of the receipt of an executed copy of the Order referred to at Paragraph 2. above, the Affiant was directed to cause a true and correct copy of said Order to be mailed via the United States Postal Service to each Respondent named in the captioned Application, whose address was known, and to all persons, if any, who are added as Respondents at the hearing held in the captioned matter;
4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender their written elections to the Unit Operator within thirty (30) days of the date said Order was recorded in the county above named; that said Order was recorded on September 23, 1997.
5. That the Designated Operator, by and through their agent, Wilhoit & Kaiser, Attorneys-at-Law, have established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interest have been pooled have made a written election, in a timely fashion, as required by the captioned Order; that said procedures were followed to identify the elections, if any, made with regard to Subject Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election periods:

NONE

6. That the interest and/or claims of the following persons (who made timely elections, or who are deemed under the terms of the Board's Order to have leased, or who, subsequent to the pooling hearing held in the captioned matter, have leased or otherwise entered into an agreement with the Designated Operator) are subject to escrow under the Board's Order pooling the captioned Unit, Board Regulations and the Code of Virginia; that

The following revenue interests are subject to escrow provisions due to conflicting claims as between the gas owner and the coal owner.

Tract 3: Charles Bernard Counts, Jr., et ux
 $3.1875\% \times 1/8 = .00398438 \text{ RI}$

Cheri Lyn Simonenko
 $.5313\% \times 1/8 = .00066412 \text{ RI}$

Laurie Rae Selfridge
 $.5312\% \times 1/8 = .00066400 \text{ RI}$

or

Pittston Company
c/o Clinchfield Coal Company
 $4.25\% \times 1/8 = .00531250 \text{ RI}$

Tract 4: Jack T. Counts, et ux
 $22.51\% \times 1/8 = .02813750 \text{ RI}$

or

Pittston Company
c/o Clinchfield Cola Company
 $22.51\% \times 1/8 = .02813750 \text{ RI}$

Tract 5: Nora Counts, widow
Life Estate

Retha Grizzle and Lee Grizzle W/H
 $4.15\% \times 1/8 = .00518750 \text{ RI}$

Susie Deel, et vir
 $4.15\% \times 1/8 = .00518750 \text{ RI}$

or

Pittston Company
c/o Clinchfield Coal Company
 $8/30\% \times 1/8 = .01037500 \text{ RI}$

7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interest and/or claims which are not subject to escrow:

NONE

8. That the following persons have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective interests shall be deemed to have leased pursuant to and in accordance with paragraphs 10 of the Order.

Tract 5

Gas Estate: Nora Counts 4.88 acres x \$5=\$24.40

 Retha Grizzle, et vir 2.44 acres x \$5=\$12.20

 Susie Deel, et vir 2.44 acres x \$5=\$12.20

That pursuant to the provision of VR 480-05-22.27.C and VR 480-05-22.2.8, annexed hereto and incorporated herein is a proposed supplemental order to be entered to complete the record regarding elections; that said annexed supplemental order sets forth that the services of the Escrow Agent are required in this matter pursuant to the terms of §§ 45.1-361.21.D, 45.1-361.22A.3 and 4.

Dated at Kingsport, Tennessee, this 6th day of November 1997.

James E. Kaiser
Affiant

Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Equitable Resources Energy Company, a corporation, on behalf of the corporation, this 6th day of November 1997.

My commission expires July 31, 2001

Jamie E. Fuller
Notary

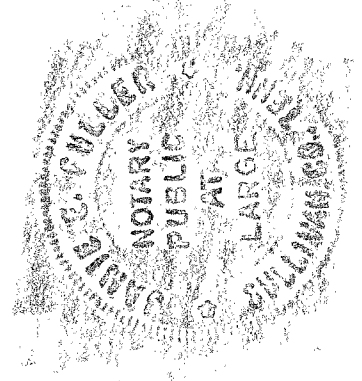


EXHIBIT "B"
VC-2975
VGOB (97/07/15-0593)

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>
<u>Gas Estate Only</u>					
1	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 241490L Tract T-299	8.300000%	4.8800	0.01037500 RI
	Equitable Resources Energy Company				0.07262500 WI
Tract 1 Totals			8.300000%	4.8800	0.08300000
2	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 241490L Tract T-265	24.490000%	14.3900	0.03061250 RI
	Equitable Resources Energy Company				0.21428750 WI
Tract 2 Totals			24.490000%	14.3900	0.24490000
3	Charles Bernard. Counts, Jr. and Kathryn Kirsch Counts 3505 Arden Warren, MI 48092-3256	Leased-EREC 241591L 01	3.187500%	1.8750	0.00398438 RI
	Cheri Lyn Simonenko 612 Redwood Drive Troy, MI 48083	Leased-EREC 241591L 01	0.531300%	0.3125	0.00066412 RI
	Laurie Rae Selfridge RFD 2, Box 377E Reeds Mill Road Newport, NH 03773	Leased-EREC 241591L 01	0.531200%	0.3125	0.00066400 RI
	Equitable Resources Energy Company				0.03718750 WI
Tract 3 Totals			4.250000%	2.5000	0.04250000

BK 332PG 639

EXHIBIT "B"
VC-2975
VGOB (97/07/15-0593)

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>
4	Jack T. Counts and Madelyn Counts, H/W 807 Faison Avenue Fayetteville, NC 28304	Leased-EREC 241710L 01	22.510000%	13.2300	0.02813750 RI
	Equitable Resources Energy Company				0.19696250 WI
Tract 4 Totals			22.510000%	13.2300	0.22510000
5	Nora Counts, widow HC 67, Box 354 Dante, VA 24237	Unleased Life Estate	(0.000000%)	(0.000)	(0.00000000%) RI
	Retha Grizzle and Lee Grizzle, W/H Route 2, Box 559 Haysi, VA 24256	Unleased Remainderman	4.150000%	2.4400	0.00518750 RI
	Susie Deel and Carter Deel, W/H HC 67, Box 354 Dante, VA 24237	Unleased Remainderman	4.150000%	2.4400	0.00518750 RI
	Equitable Resources Energy Company				0.07262500 WI
Tract 5 Totals			8.300000%	4.8800	0.08300000

BK 332PG 640

EXHIBIT "B"
VC-2975
VGOB (97/07/15-0593)

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>
6	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 241490L T-261	32.150000%	18.8900	0.04018750 RI
	Equitable Resources Energy Company				0.28131250 WI
Tract 6 Totals			32.150000%	18.8900	0.32150000
TOTAL GAS ESTATE			100.000000%	58.7700	1.00000000

EXHIBIT "B"
VC-2975
VGOB (97/07/15-0593)

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>
<u>Coal Estate Only</u>					
1	Pittston Company c/o Clinchfield Coal Company Attn: Steve Smith P. O. Box 7 Dante, VA 24237	Leased-EREC 241490L Tract T-299	8.300000%	4.8800	0.01037500 RI
	Equitable Resources Energy Company				0.07262500 WI
Tract 1 Totals			8.300000%	4.8800	0.08300000
2	Pittston Company c/o Clinchfield Coal Company Attn: Steve Smith P. O. Box 7 Dante, VA 24237	Leased-EREC 241490L Tract T-265	24.490000%	14.3900	0.03061250 RI
	Equitable Resources Energy Company				0.21428750 WI
Tract 2 Totals			24.490000%	14.3900	0.24490000
3	Pittston Company c/o Clinchfield Coal Company Attn: Steve Smith P. O. Box 7 Dante, VA 24237	Leased-EREC 244792L Tract TC-180	4.250000%	2.5000	0.00531250 RI
	Equitable Resources Energy Company				0.03718750 WI
Tract 3 Totals			4.250000%	2.5000	0.04250000

BK 332PG 642

EXHIBIT "B"
VC-2975
VGOB (97/07/15-0593)

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>
4	Pittston Company c/o Clinchfield Coal Company Attn: Steve Smith P. O. Box 7 Dante, VA 24237	Leased-EREC 244792L Tract TC-180	22.510000%	13.2300	0.02813750 RI
	Equitable Resources Energy Company				0.19696250 WI
Tract 4 Totals			22.510000%	13.2300	0.22510000
5	Pittston Company c/o Clinchfield Coal Company Attn: Steve Smith P. O. Box 7 Dante, VA 24237	Leased-EREC 244792L Tract TC-180	8.300000%	4.8800	0.01037500 RI
	Equitable Resources Energy Company				0.07262500 WI
Tract 5 Totals			8.300000%	4.8800	0.08300000
6	Pittston Company c/o Clinchfield Coal Company Attn: Steve Smith P. O. Box 7 Dante, VA 24237	Leased-EREC 244792L Tract TC-180	32.150000%	18.8900	0.04018750 RI
	Equitable Resources Energy Company				0.28131250 WI
Tract 5 Totals			32.150000%	18.8900	0.32150000
TOTAL COAL ESTATE			100.000000%	58.7700	1.00000000

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENSON COUNTY, Jan 27, 1998. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 1:57 o'clock P.M., after payment of \$ — tax imposed by Sec. 58.1-802.

Original returned this date to: Diane Davis

TESTE: JOE TATE, CLERK
 BY: [Signature] D. CLERK



COMMONWEALTH of VIRGINIA

Department of Mines, Minerals and Energy

Division of Gas and Oil

P. O. Box 1416

Abingdon, Virginia 24212

Phone (540) 676-5423

Fax: (540) 676-5459

Byron T. Fulmer, Division Director

MEMORANDUM

TO: Sandra Riggs
FROM: DGO *[Signature]*
DATE: December 3, 1997
RE: Docket VGOB-97-07/15-0593

Please find attached a letter from Ms. Melanie Freeman of ERI concerning the above referenced docket number. The order for this docket was recorded on September 23, 1997 in Dickenson County, Virginia.

Please advise if a correction needs to be recorded concerning this order. If you should need an amended Exhibit to attach to a revised order, please let me know and I will be glad to contact Mr. Kaiser concerning this.

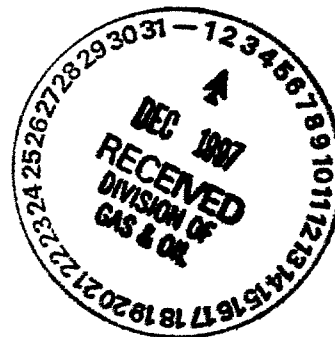
Your assistance is appreciated.



Equitable Resources Energy Company
Eastern Region

December 2, 1997

Diane Davis
Division of Gas and Oil
PO Box 1416
Abingdon, VA 24212



RE: Well Number VC-2975, Docket Number VGOB-97/0715-0594³

Dear Diane:

This letter is to advise you of an error on Tract 3 of the Exhibit B for the captioned well. We inadvertently excluded Charles Bernard Counts, Sr. when listing the Lessors of EREC Lease number 241591L. We included his interest with his son's interest Charles Bernard Counts, Jr. The correct interest for both parties is as follows:

<u>TRT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>	
3	Charles Bernard Counts, Sr. PO Box 467 Zapata, TX 78076	Leased-EREC 241591L 01	2.125%	1.25	.00265625	RI
	Charles Bernard Counts, Jr. and Kathryn Kirsch Counts 3505 Arden Warren, MI 48092	Leased-EREC 241591L 01	1.0625%	.625	.00132813	RI

I have enclosed page 1 of Exhibit "B" for VC-2975 in order for you to see the changes. Please add Charles Bernard Counts, Sr. to the list of Conflicting Claimants to be escrowed at Premier Trust Company for Well VC-2975.

If you should have any questions regarding this matter, please contact Jim Kaiser at (423) 578-3838.

Sincerely,

Melanie D. Freeman
Division Order Analyst

cc: Jim Kaiser
Charles Bernard Counts, Sr.
Charles Bernard Counts, Jr.

EXHIBIT "B"
VC-2975
VGOB (97/07/15-0593)

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>	<u>NET REVENUE INTEREST</u>
<u>Gas Estate Only</u>					
1	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 241490L Tract T-299	8.300000%	4.8800	0.01037500 RI
	Equitable Resources Energy Company				0.07262500 WI
Tract 1 Totals			8.300000%	4.8800	0.08300000
2	Pittston Company c/o Pine Mountain Oil & Gas, Inc. Attn: Richard Brillhart P. O. Box 5100 Lebanon, VA 24226	Leased-EREC 241490L Tract T-265	24.490000%	14.3900	0.03061250 RI
	Equitable Resources Energy Company				0.21428750 WI
Tract 2 Totals			24.490000%	14.3900	0.24490000
3	Charles Bernard. Counts, Jr. and Kathryn Kirsch Counts 3505 Arden Warren, MI 48092-3256	Leased-EREC 241591L 01	3.187500%	1.8750	0.00398438 RI
	Cheri Lyn Simonenko 612 Redwood Drive Troy, MI 48083	Leased-EREC 241591L 01	0.531300%	0.3125	0.00066412 RI
	Laurie Rae Selfridge RFD 2, Box 377E Reeds Mill Road Newport, NH 03773	Leased-EREC 241591L 01	0.531200%	0.3125	0.00066400 RI
	Equitable Resources Energy Company				0.03718750 WI
Tract 3 Totals			4.250000%	2.5000	0.04250000